



Flathead County Water & Sewer District #1 - Evergreen

130 Nicholson Drive • Kalispell, MT 59901
Phone: (406) 257-5861 • Fax: (406) 756-1588

Regular Meeting
December 19, 2018

Members Present: Jack Fallon, B.J. Lupton, Bill Matthews, Butch Clark, Chuck Hagen, T.J. Wendt, and General Manager, Cindy Murray

Also Present: Bill Astle, Andy Hyde, Rob Collier, Mark James, Tim Willis and Sherry Pairamore from Farmers' State Bank in Kalispell.

Absent: Bob Balding

Jack Fallon, President, called the meeting to order at 7:04 a.m. and welcomed the public in attendance. Bob Balding was absent.

B.J. Lupton moved to adopt the Agenda, which was seconded by Bill Matthews. The Board passed the motion by unanimous vote.

The Board examined the minutes of the regular meeting of November 21, 2018. Bill Matthews moved to approve the minutes, which was seconded by Chuck Hagen. The Board passed the motion unanimously.

President Fallon advised the Board that it had forgotten to approve the Manager's Report for October at the November 21, 2018 meeting. Bill Matthews moved to accept the Manager's Report, which was seconded by Butch Clark. After discussion, the Board passed the motion by unanimous vote.

Next the Board examined the Manager's Report for November. T.J. Wendt moved to accept the Manager's Report for November, which was seconded by B.J. Lupton. After discussion, the Board pass the motion by unanimous vote.

Cindy Murray and the District's Staff presented the Draft Five-Year Operations Plan, focusing on the Water Projects. Andy Hyde, the District's engineer, expressed support for the Draft Plan and agreement with the Projects and priorities discussed for the Water System. After discussion, the Board expressed support for the continued preparation of a Plan. A Final Plan will be presented for approval at the March 20, 2019, meeting.

Cindy Murray presented recommendations concerning the District's insurance portfolio. One of the recommendations is to purchase a State Farm policy for the District's rental house separate from the

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other property and general liability coverages. Cindy Murray obtained several quotes from carriers other than State Farm and the State Farm policy was by far the cheapest with more coverage than the other comparable policies.

Jack Fallon reviewed the Code of Conduct concerning the proposed purchase of a policy from State Farm insurance, which would be provided by the Wendt Agency, owned by Board member, T.J. Wendt. T.J. Wendt would receive a small commission for the Policy, which is not substantial or material to his business. Bill Astle reviewed the MT statutes concerning conflicts of interest and recommended that the District could purchase the State Farm policy given that other quotes had been obtained and that it did not rise to a "Substantial Transaction" nor will the Board Member be "directly involved" as set forth under Section 2-2-120 MCA and 2-2-201 MCA. This transaction and any other transaction involving Board members will also be disclosed to the District's external independent auditor and reported in compliance with applicable accounting rules.

After discussion of the Code of Conduct, Cindy Murray presented her remaining recommendations. Bill Matthews moved to approve the insurance recommendations, except health insurance, which was seconded by Butch Clark. After discussion, the Board pass the motion by unanimous vote adopting the following recommendations:

1. Retain Payne West ("PW") for insurance brokerage services effective 12-19-18.
2. Move GL/Property coverage from Glatfelter to MACo (Insurance Pool through Montana Association of Counties) with additional coverage for Cyber from 3rd party carrier. Move Glatfelter policy from current broker, Howalt & McDowell (Marsh McClellan), in South Dakota to PW if we need to postpone the transition to MACo.
3. Purchase State Farm Policy for Rental Property (coverage to be procured 12-19-18).
4. Retain Montana State Fund as Comp Carrier but increase Employer's Liability coverage to \$1M. Designate PW as our agent.

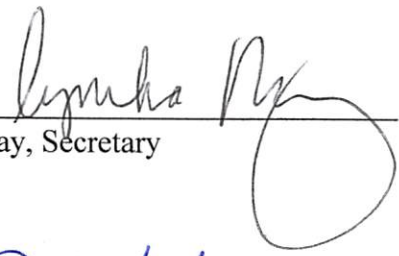
Cindy Murray will do some additional investigation concerning options for Health Insurance coverages and report back to the Board at its January 16, 2019 meeting.

The Board next considered a request from the City of Kalispell to amend the WW Service Agreement boundaries to include Trumbull Creek Crossing Phases 2-5. The City has offered to recommend to the City Council that they increase our cap by an additional 21,244 gallons per day to cover Phases 2-5. B.J. Lupton moved that a negotiating team of Jack Fallon, Cindy Murray, and Andy Hyde pursue an amendment of the Agreement to include Trumbull Creek Crossing Phases 2-5 with some additional gallons over the 21,244 that would bring the annual total gallons under the contract to 810,000 per month to cover possible excess use and other factors such as I & I inflow that would be associated with the new additional load. Butch Clark seconded the Motion with the addition that the District's team also work with assistance from Bill Astle. Andy Hyde will provide additional numbers based on the Board's direction. After discussion, the Board passed the motion by unanimous vote.

Bob Balding, was absent from the meeting, but indicated to Cindy Murray that he would provide via email, his reviewed and approval of the Oversight materials for the month of November. His email will be included in the Oversight materials as part of the Board's financial records. B.J. Lupton moved to accept the checks and financial statements, which was seconded by Butch Clark. After discussion, the Board passed the motion by unanimous vote.

During the meeting, Tim Willis and Sherry Pairamore from Farmers' State Bank in Kalispell were introduced and provided signature cards for Jack Fallon and B.J. Lupton to sign in connection with the District's recent purchase of a CD from the Bank.

The meeting was adjourned by acclamation at 9:07 a.m. The next regular meeting will be on January 16, 2019.

Submitted by 
Cynthia Murray, Secretary

Signed by 
John T. Fallon, President